1989
HIGHLIGHTS

Research Branch
Ministry of Tourism

July 1990

91-00426/

TOURISM INDUSTRY RESEARCH

Tourism is one of the B.C. economy's most important industries. There is considerable discussion as to just what is the composition of the tourism industry. For example, the scope, structure and conduct of most industries are measured from the supply side. Tourism on the other hand is measured from the demand side through the estimation of visitor expenditures. This issue is further complicated by the fact that the tourist product is not a tangible one. It is an experience, very much unlike the physical products of other sectors of the economy such as fishing or forestry. These two factors make it difficult to quantify the tourism industry and its associated economic benefits.

Tourism data are obtained from many different sources: - all levels of government and the various subsectors of the industry. Most frequently, the data are collected to meet the specific needs of those producing or paying for the information. As a result, tourism data is based on existing sources that incorporate a wide range of methodologies, reliability and detail. This makes it very difficult, if not impossible to compare, contrast or combine the current data sources into any form of bottom line figure.

An understanding of the above discussion is essential to accurately interpret the data presented in this publication. The key figures of volume and revenue generated between the years 86-89 are presented in two tables, based on comparable metholologies, primarily the Canadian Travel Survey (CTS). The 1989 data for non B.C. markets however, is based entirely on the Visitor '89 survey and therefore direct comparison with previous years cannot be made. Estimates for B.C. resident travel are currently based upon 1988 CTS data. Upon completion of the B.C. Resident Study in July 1990, these estimates will be based upon the results of that study and resident revenues are expected to increase.

While some volume and revenue estimates for 1989 are significantly different than for 1988, the majority of this change is due entirely to the new survey results which use a different and more reliable methodology than had been used prior to 1989. These new surveys are the result of a committment by the Ministry of Tourism to develop and provide the best data possible to the industry. While there will be ongoing improvements, it is expected that the methodologies developed will be used for many years leading to greater accuracy and consistency of data. As will be noted when viewing the year end indicators, growth is seen in nearly all "real" measurements, particularly accommodation revenues. These indicators suggest that in "real" terms the B.C. tourism industry grew in 1989 and had its best year ever.

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1989 INDICATORS

The following indicators represent tourism activity within specific sectors or from individual markets. The data is consistent between the years referenced, but is obtained from various external sources over which the Ministry of Tourism has little control. Interpretations of U.S. and overseas entries should be made with care as these numbers represent direct entries through B.C. border crossings and do not include adjustments used to prepare information later in this report.

	1989	1988	1987	Percent Change 1989/1988
Accommodation Revenues	$674.3M	$599.3M	513.8M	12.5
Restaurant Sales *	1,979,680*	1,990,107	1,851,183	8.0 *
Prov Hotel Occupancy Rate	69.7%	66.4%	61.8	4.6
Prov Avg Htl Room Rate	$73.52	$67.74	$59.13	9.1
Prov Cmpgd Attendance	2,328,106	2,210,374	2,225,981	5.3
Rogers Pass	1,346,758	1,421,702	1,304,315	-5.3
BC Ferries - Routes 1 & 2	10,068,515	9,388,620	8,849,401	7.2
Van Airport - Domestic Arrivals & Departures	6,011,812	5,871,498	5,009,659	2.4
Direct Overseas	684,701	591,899	493,163	15.7
Hong Kong	71,680	49,403	37,745	45.1
Japan	162,283	133,676	104,296	21.4
Australia	54,498	44,002	38,407	23.9
West Germany	68,473	65,304	56,986	4.9
United Kingdom	107,035	97,915	81,206	9.3
U.S. Total	4,225,626	4,286,701	4,269,096	-1.4
U.S. 1+ Nights	2,328,482	2,331,111	2,224,596	-0.1
U.S. Vehicle Entries (Minus Trucks)	1,446,314	1,475,448	1,451,053	-2.0

* Restaurant Sales for 1989 are currently available to the end of November. The percent change is based on January to November figures for 1988 and 1989.

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TOURISM - A GLOBAL PERSPECTIVE

Total world travel increased substantially in 1988, over 1987. Key indicators such as total world tourism arrivals increased 8.7% to 390 million with receipts from international tourists totalling $195 billion U.S., a 22% increase over the previous year. International tourism receipts accounted for more than 7% of world trade in goods and services placing tourism alongside oil and motor vehicles as the top three components of world trade.

While Europe and North America remain the world's main destinations with 80% of all arrivals, involvement of developing countries, and growth of Europe and Japan as generating markets are signs that the global tourism picture is changing.

In 1988, tourist arrivals to Europe totalled 251.5 million marking a 7.5% increase over 1987, the lowest growth rate of any destination since 1950. This figure represented 65% of all tourist arrivals in 1988. In terms of international receipts, Europe received $118 billion U.S., 60% of the total and up 24% from 1987. As a means of comparison, tourist arrivals to the Americas including U.S.A., Canada, Latin America, and the Caribbean, totalled 72.5 million (18.6% of the total), with international tourism receipts totalling $39 billion U.S., approximately 1/5 of the total.

Africa experienced a larger increase (18.7%) in international tourist arrivals than any other region, with international tourism receipts totalling $4.5 billion U.S. (2.3% of the world total), up a significant 25% from 1987.

1988 demonstrated the increased competition that is becoming synonymous with tourism on a global, (and even regional and local), basis. The increased popularity of Eastern Asia, the Pacific and developing countries as destinations, combined with a decline in travel to Europe and the flow of U.S. residents to South America and the Caribbean, illustrate the changing trends of global tourism. It is now imperative that countries continually work to improve the quality and attractiveness of their tourism product, and continue to research consumer needs if they are to remain in the very competitive and lucrative tourism industry.

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TOURISM IN CANADA

In 1988, Canada welcomed 15.5 million foreign overnight visitors, a 3.4% increase from 1987. The overall picture of foreign travel to Canada is on an upward trend. Between 1986 and 1988 the number of U.S. overnight visits to Canada was up 10.5%, and the overseas visitor count was up 68%. Canada's main overseas markets in order of importance included the U.K., (19% of Canada's overseas market), Japan 12%, West Germany 10%, and France 8%, accounted for nearly half (49%) of the overseas market. However, when Canada is examined relative to other OECD countries in terms of international market share, there are areas of concern. Between 1961 and 1987, Canada's market share of international tourism receipts has declined from 8.4% to 3.5%. The U.S. maintained its share until 1985 but declined in 1987. The U.K., France and Australia have all experienced considerable growth over this 15 year period. Of specific interest is Canada's market share of U.S. travel having declined from 25% in 1966 to 14% in 1987. As the U.S. market accounts for about 80% of international travel to Canada, this drop explains most of the drop in Canada's international market share.

In 1988, Canada's travel account balance deteriorated with the U.S. but showed improvements with other countries. Most industrialized nations, due to their strong economies, have a travel deficit situation. Increased economic performance results in increased disposable income which means increased consumer spending and foreign travel. As Canada's economy grew faster than any other industrialized country with the exception of Japan, the international travel balance cannot be viewed as a good indicator of Canada's tourism performance.

DOMESTIC TRAVEL

Domestic travel in Canada, based on the number of overnight person trips taken by Canadians in Canada totalled 79.5 million up 5.6% from 1986. Total domestic travel expenditures increased 29.4% for a total of $17.3 billion. The average duration of overnight person-trips was 4.2 nights with an average travelling distance of 541 km. Expenditures on business travel increased 39% from 1986.

ECONOMIC PARAMETERS

Tourist spending generated direct employment for 632,000 Canadians in 1988. In addition, $16 billion in direct wages and salaries, and $11 billion in taxes for all levels of government were generated. 60,000 businesses, 85% of them small, depended on travellers/tourists for their existence.

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1989
REVENUES AND VOLUMES

	REVENUE	VOLUME
BRITISH COLUMBIA (1)		
B.C. Residents	($) 1,573,740,000	6,997,000
CANADA (2)		
Ontario	528,000,000	819,000
Other Canada	312,000,000	879,000
Alberta	432,000,000	1,791,000
TOTAL CANADA	1,272,000,000	3,489,000
UNITED STATES (2)		
Washington	168,000,000	1,112,000
Oregon	72,000,000	329,000
California	216,000,000	681,000
Other West U.S.A.	120,000,000	698,000
East U.S.A.	192,000,000	601,000
TOTAL U.S.	768,000,000	3,381,000
INTERNATIONAL (2)	360,000,000	773,000
TOTAL OVERNIGHT VISITORS	**($) 3,973,740,000**	**14,640,000**

(1) Estimates for B.C. resident travel are currently based on the 1988 CTS data and will be revised upon the completion of the B. C. Resident Study data in July, 1990.

(2) The methodology applied in calculating the figures for 1989, differs from that used in the calculations of the figures for 1986-88. These data are therefore presented on separate tables, and comparisons should not be made between 1989's figures and those for the preceeding years.

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VISITORS TO BRITISH COLUMBIA

	1986	1987	1988
BRITISH COLUMBIA (1)			
B.C. Residents	5,770,000	5,600,000	6,664,000
CANADA (1)			
Ontario	524,000	507,400	392,000
Other Canada	551,000	555,600	401,000
Alberta	1,635,000	1,486,400	1,529,000
TOTAL CANADA	2,710,000	2,549,400	2,322,000
UNITED STATES			
Washington	1,222,050	954,100	995,000
Oregon	431,310	234,335	244,402
California	970,450	539,736	562,875
Other West U.S.A.	970,450	538,011	561,075
East U.S.A.	incl. in other W.USA	388,196	404,838
TOTAL U.S.	3,594,260	2,654,378	2,768,190
INTERNATIONAL (2)	897,661	814,037	974,853
TOTAL OVERNT VISITORS	12,971,921	11,617,810	12,729,043

Notes

(1) Based upon Canadian Travel Survey Data from 1986 and for 1988.

(2) Based upon data from Statistics Canada for direct entries through B.C. Customs Entry Points with an adjustment for entries through other non - B.C. Entry Points.

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TOURISM REVENUE

	1986	1987	1988 (1)
		(millions of current dollars)	
BRITISH COLUMBIA			
B.C. Residents	1,161.88	1,142.40	1,473.70
CANADA			
Ontario	305.66	305.14	247.52
Other Canada	174.81	181.72	137.72
Alberta	301.70	282.78	305.43
TOTAL CANADA	782.17	769.64	690.67
UNITED STATES			
Washington	166.42	133.95	146.68
Oregon	69.26	38.80	42.49
California	296.27	169.89	186.03
Other West U.S.A.	197.96	113.16	123.92
East U.S.A.	incl. in other W.USA	108.81	119.15
TOTAL U.S.	729.91	564.61	618.27
INTERNATIONAL	497.95	465.57	585.42
TOTALS:			
Total Overnt Visitor Revenue	3,172.00	2,942.00	3,367.00 (2)

Notes

(1) Based upon an estimated 5% increase in per diem expenditures and same length of Stay as 1986 and 1987.

(2) Please note that the previous estimate of $3,553 billion for 1988 was based on excusionist as well as overnight visitor expenditures. The above table refers to overnight visitor revenues only.

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OTHER CANADA

The non resident Canadian market is divided into three subgroups: - Alberta, Ontario, and other Canada.

Party Size and Expenditures

Total party expenditures varied with distance travelled from B.C. with Alberta having the lowest ($98) and Ontario the highest ($174). Average party size also seemed to reflect distance travelled with Ontario's being 2.0 persons and Alberta's 2.5 persons. The expenditure to party size ratio to a large extent reflected trip purpose with over 39% of Ontario visitors having come to B.C. for business purposes compared to only 16% of Albertans.

Trip Purpose

Visiting Friends and Relatives, followed by touring were the most common reasons given for travelling to B.C. Albertans also showed a strong interest (15%) in resort vacations.

Seasonality

Canadians were equally likely to travel to B.C. in any of the four seasons, unlike most of the U.S. markets which had a strong preference for the summer months. There are strong correlations between the seasons and the trip purposes for the various markets. For example, Canadians were the most likely to Visiting Friends and Relatives, and the least likely to tour or to have visited during the summer months.

Travel Patterns

Half of the visitors from Alberta had been to EXPO, whereas 40% of the visitors from other parts of Canada had visited the fair. Albertans had also travelled to B.C. more frequently in the past three years averaging 7 trips. As would be expected there is a strong relationship between trips to B.C. and distance from the province.

Albertans took the shortest trips averaging 7.7 nights away from home, compared to the provincial average of 14 nights, and 13 nights for other Canadians. Albertans were also more likely to indicate that B.C. was their main destiantion (90%) and to spend a greater portion of their trip (77%) in B.C.

Party Composition/Characteristics

Approximately 40% of the Canadian parties consisted of two people. Albertans were more likely to travel with children (19%) while parties from Ontario most commonly consisted of one adult (42%). Half of the visitors were female, with those from Ontario being slightly younger (25% were between 25 and 34). Other Canadians had the highest percentage (13%) over 65.

Marketing Awareness

Albertans were the most likely to have seen ads for travel to B.C. prior to their trip (64%), but all three market segments were equally likely to have requested informatrion from Tourism B.C. (10%), with approximately half of them doing so before having made their final decision to visit B.C.

Accommodation

Albertans were more likely to go camping (18%) or stay in a motel (18%) compared to 4% and 11% repsectively for the Ontario market. Albertans were also the least likely of the three Canadian markets to stay with friends and relatives (42%) compared to Ontario (49%) and other Canadian (51%). The Ontario market was the most likely to stay in hotels (24%) compared to 10% of the Alberta market and 20% of the other Canadian market.

Daily Activities

Albertans were less likely to go sightseeing than other Canadian markets with one third doing so compared to approximately 40% of all visitors to the province. Residents of Ontario were the mose likely to be conducting business (20%) and the least likely of any of the markets to participate in "other outdoor" activities (14%). Canadians were as likely to go shopping (approximately 1/3) as for all other visitors.

U.S. MARKETS

The U.S. market is broken down into several submarkets including Washington, California, Oregeon, Other Western U.S. and Eastern U.S.

Party Size/Expenditures

Average party expenditures ranged from a high of $179 for Eastern U.S. to a low of $115 for Oregon. Other U.S. also had the largest average party size (2.8 persons) compared to the overall average of 2.5 persons. Washington had an average party size of 2.6 persons; Oregon and other Western U.S. averaged 2.7 persons and California 2.5. Over half of all the parties from the U.S. were composed of two adults.

Trip Purpose/Main Destination

Americans were generally less likely than the average to visit friends and relatives, but had a higher tendancy to cite a city trip as their main trip purpose. 15% of the Oregon residents were on an outdoors trip compared to the overall average of 8%. Touring as a main trip purpose varied directly with distance from B.C. with 25% of the Washington residents indicating this was their main trip purpose to 50% for the Other U.S. market. Those indicating that B.C. was the major destination also followed this trend, with 86% of the Washington market and 43% of the Other U.S. market indicating that B.C. was their main destination.

Seasonality

The summer time was by far the most popular season for U.S. visitors (over 40%), with the exception of neighbouring Washington, for visiting B.C. Washington residents were approximately evenly split between each of the four seasons.

Trip Characteristics

Washington residents took the shortest trips (5 days), but spent the largest portion of their trip in BC. (3 days). East US on the other hand had the longest overall trip length (21 days)but spent the smallest portion of their trip in BC (4 days). The Washington market did however average 7 trips to BC in the last three years, more than any other market. Other than this market the remaining US markets averaged between 2.7 (East US) and 3.8 (California) trips to BC in the last three years. Those having visited Expo ranged from 50% of the Washington market to 14% of the East US market.

Accommodation

Americans in general, and especially those from Oregon (37%) preferred to camp. Following camping as the most common sources of accommodation, were motels especially for the more distant US markets - 30% of which stayed in motels.

Media Awareness

Over 70% of the Washington, California, and Oregon markets, and approximately half of the remaining US markets indicated they had seen advertising for travel to BC. Television and magazines were the most common sources cited. Residents of California and the Other US were the most likely to have requested information (24%), with approximately half having done so before deciding on B.C.

OVERSEAS

Party/Trip Characteristics

Overseas visitor parties averaged 2.5 persons with nearly half (48%) consisting of two adults. The average party expenditure per day was $145. Overseas visitors to BC had the longest total trip length (31 days) but averages only 8.4 days or 27% of their total trip in the province. Based on this it is not surprising that BC was the main destination for less than half (48%) of the Overseas visitors.

Accommodation

The majority (38%) of Overseas visitors stayed with friends and relatives while in BC, followed by hotels (19%), camping (17%) motels (16%).

Daily Activities

The overseas visitors were more likely to go sightseeing (50%) take a tour (16%) visit a lakeshore (27%) and visit gardens and parks (28%) than was the average for all visitors. They were less likely to conduct business or visit friends and relatives.

Seasonality

Overseas visitors preferred to visit the province during the spring (31%) and summer (29%) months. 18% visited during the winter and 22% in the fall.

Touring was the most frequently cited trip purpose, indicated by 39% followed by VFR 33%.

62% of the overseas visitors were on their first trip to BC. This figure was much higher than the provincial average of 22%. Overseas visitors were also not as likely to have visited Expo (18%) compared to the overall average of 38%.

43% of the Overseas visitors said they saw ads for travel to BC. Of this group, 25% requested information from Tourism BC. Of those requesting information, 44% did so before deciding on BC.

TABLE 4

OVERSEAS ENTRIES TO B.C. 1987-89
(including entries through non-B.C. entry points)

Visitor Origin	1987	1988	* 1989
Total Entries to B.C. (includes all overseas visitors)	814,032	974,853	801,000
West Germany	96,914	109,672	83,000
United Kingdom	135,723	163,564	129,000
Japan	159,920	204,944	187,000
Hong Kong	57,875	75,751	75,000
Australia	55,182	63,208	60,000

* The above figures for 1989 include both direct and other indirect entries. However, due to differing methodologies the 1989 overseas entries are not directly comparable to previous years. Actual direct overseas entries in 1989 were up approximately 15% over 1988. Actual figures are provided in the 1989 INDICATORS.

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BRITISH COLUMBIA TOURISM MARKETS

Visitors to B.C. are divided into four main markets: British Columbia, other parts of Canada, United States and Overseas.

The largest of the four markets, British Columbia residents, accounted for 48% of the total number of **overnight** visitors and 39% of total revenues from **overnight** visitors. Non-resident visitors made up the balance, making 7.59 million **overnight** person trips to the Province and generating $2.4 billion in revenues.

Table 1 shows the proportion of the total provincial market these four origins represent. It is interesting to note that while visitors from other parts of Canada represent only 24% of the province's overnight visitor volume, their expenditures account for 32% of the total revenue.

TABLE 1

1989 TOURISM MARKETS

MARKET	OVERNIGHT VISITORS	TOTAL OVERNIGHT REVENUE
British Columbia	48%	40%
Other Canada	24%	32%
United States	23%	19%
Overseas	5%	9%

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Table 2 shows the length of stay and the per diem expenditures of each overnight market.

TABLE 2
VISITOR CHARACTERISTICS

Visitor Origin	Per Diem Expenditure ($)	Average Length of Stay (Days)	Average Party Size
Wash	47.33	3.2	2.57
Ore	43.01	4.2	2.66
Cal	60.59	5.0	2.45
West U.S.	52.60	4.4	2.66
East U.S.	65.94	4.4	2.78
Alta	39.41	5.9	2.52
Ont	84.13	7.8	2.04
Other Can	50.00	7.3	2.37
B.C. Resident	56.23	4.0	2.75
Overseas	57.78	8.4	2.5

Note: Per diem expenditure refers to the money spent per person in 1 day for transportation, accommodation, meals, groceries, recreation, entertainment and gifts etc. while travelling, a detailed breakdown of which is shown on the next page.

As Table 2 illustrates the per diem amount varies with visitor origin, region of overnight stay, and trip purposes. For example, visitors from Ontario and overseas countries have higher than average daily expenditures. ($84.13 and $57.78 respectively). As they also have the longest lengths of stay (7.8 and 8.4 days), these two markets make a significant contribution to B.C.'s economy.

In 1989 the main form of transportation for B.C. travellers was the automobile. The length of stay varied with origin and ranged from 3.2 days for Washingtonians to 8.4 days for overseas visitors.

B. C. RESIDENT TRAVEL

Revenue and volume projections for B.C. resident travel have been based on a revision of 1988 Canadian Travel Survey data. A year long survey of B.C. resident travel patterns is presently nearing completion and data from that study should be available in July 1990. This report will be amended at that time and revenue and volume estimates will be revised to incorporate new survey results. Data available from the new survey will be similar in form and content to Visitor 89.

Preliminary data estimates indicate that resident travel is greater than that derived from Canadian Travel Survey estimates due to an improvement in survey methodology. The reader should be aware that both total revenue and volume estimates willl likely be greater than indicated in this report and that the marketshare of resident travel will likely increase.

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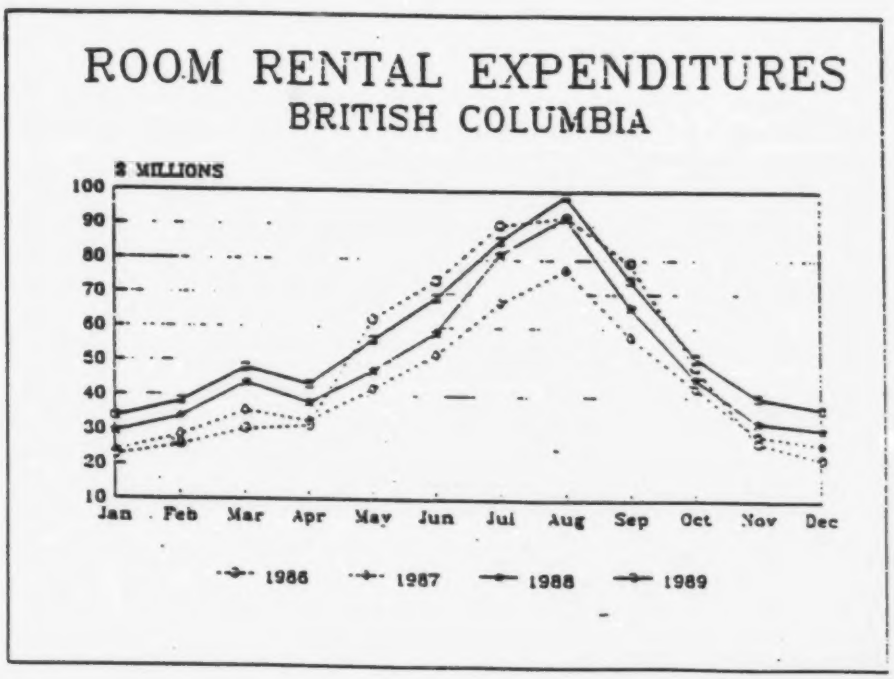
ACCOMMODATION REVENUES AND OCCUPANCY RATES

Accommodation revenues represent a very good indicator of overall revenues received by the tourism industry as they represent both increases in volume and prices. Revenues from all accommodation properties in the Province reached $674.3 million in 1989, up 12.5% from 1988.



Source .: Provincial Hotel/Motel Room Tax
Prepared by: Planning and Statistics Division

With a 1989 annual occupancy of 70%, British Columbia hotels enjoyed the highest provincial rate since 1981. The annual motel occupancy of 59% for 1989 represented an 8% increase and the resorts occupancy rate of 63% was a 4% increase over the previous year. There are approximately 1990 accommodation establishments supplying over 56,936 units registered in Tourism B.C.'s Accommodation Guide. The average daily hotel room rate in 1989 was $73.52, an increase of 9.1% from 1988.

B.C. Visitor and Product Research Studies

A variety of tourism market and product research studies are available from the Ministry's Research Services Branch. Reports currently available include:

- Visitor 87 - A Travel Survey of Visitors to British Columbia including a separate report on each tourism region
- Golf Tourism in British Columbia
- Guest Ranches in British Columbia
- Fishing Lodges and Resorts in British Columbia
- Marketing and Product Development Manual for Freshwater Fishing Resorts of British Columbia
- Marketing and Product Development Plan for Freshwater Fishing Resorts of British Columbia
- The Seniors Market for Travel to British Columbia
- The Potential for Ski Vacations in British Columbia
- Vancouver Island Destination Monitor
- Cruise Ship Industry
- Guide Outfitters of B.C.
- Yoho/Kootenay National Park Visitor Strategy

and those studies to be released in 1990 include:

- Visitor '89
- B.C. Resident Study
- Marine Wildlife Viewing
- Urban Tourism
- B.C. Meetings Market
- Wildlife Viewing Marketing Strategy

For additional information about the contents of this publication contact the

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